

**Date:** July 21, 2015

**To:** Thomas J. Bonfield, City Manager  
**Through:** W. Bowman Ferguson, Deputy City Manager  
**From:** Marvin G. Williams, Director of Public Works  
**Subject:** Agenda Item – Public Hearing on Ordering Completion of Streets in Ravenstone and Stonehill Estates Subdivisions

### **Executive Summary**

The City Council, at its Work Session of June 4, 2015, directed the Administration to prepare an agenda item to hold a public hearing to consider ordering the completion of streets and stormwater facilities in Ravenstone and Stonehill Estates subdivisions. The procedures outlined in the City Charter for ordering and assessing street improvements differ substantially from the procedures outlined for stormwater improvements. Therefore, in order to ensure that the proper procedures are followed, an item pertaining to the completion of stormwater facilities will be brought to City Council for consideration at a future meeting. At this time it is being recommended that the streets be completed by the City and the cost thereof be assessed against the benefiting properties as defined in the final resolutions ordering the making of the improvements. In order to do that, it is necessary for City Council to hold a public hearing and order the improvements in accordance with Section 78 of the Charter of the City of Durham.

Pursuant to the Resolution Authorizing the City Manager or Designee to Set Public Hearings and to Declare the Adoption of Resolutions of Intent (Resolution 9709), the City Manager set the public hearing on the proposed improvements to be held at 7:00 PM, August 17, 2015, in the Council Chamber of City Hall.

### **Recommendation**

That the City Council adopt a preliminary resolution for each of the proposed improvements, conduct a public hearing to consider ordering the improvements, and adopt a final resolution ordering the completion of streets in the Ravenstone and Stonehill Estates subdivisions as defined in each of the said resolutions whereby upon completion of the work, the benefiting properties within the limits defined by the resolutions ordering the improvements be assessed at an equal rate per lot for 50% of the cost of the respective project, less 50% of the respective construction security proceeds actually received by the City, with the property owners paying the assessments in annual installments over a ten (10) year period, interest free.

## **Background**

Over the past six years, the Department of Public Works has been managing failed and struggling developments, which include bankrupt and restructured developments, to ensure that the public and private infrastructure is completed. The subdivisions below are included in this group of developments, and the City is ready to move forward with making repairs. The critical elements needed to complete the streets in the subdivisions have been identified below.

The Stonehill Estates Subdivision is a 9-phase 453-lot subdivision located south of Freeman Road and west of Mineral Springs Road. In 2009 the original Developer, Durham Land Associates, LLC, went bankrupt and left the street infrastructure in parts of Phases 1, 2, 3 and 4 incomplete. There are approximately 7,600 linear feet of incomplete streets.

Ravenstone Subdivision is a 2-phase 306-lot subdivision located off of Sherron Road south of NC Highway 98. In 2009 the original developer, Sherron Road Ventures, LLC, went bankrupt and left the street infrastructure in parts of Phase 1 and in all of Phase 2 incomplete. There are approximately 10,700 linear feet of incomplete streets.

## **Issues and Analysis**

As a result of the economic downturn, there are several developments within the city limits of Durham that are in various states of incompleteness. The Ravenstone and Stonehill Estates Subdivisions are two subdivisions that fall within this category. It has been determined that completion of the infrastructure requires street and stormwater facility repairs in these subdivisions. City Council has determined that Public Works will coordinate these repairs and that ultimately the cost of repairs should be assessed against the property owners within the subdivision that abut and benefit from the repairs. Due to differences in procedures, it is being recommended that completion of the streets be ordered at this time, with completion of the stormwater facilities to be ordered at a future date.

In order to assess property owners for the expense of the street repairs, a public hearing must be held to consider and order the project. Section 78 of the Charter of the City of Durham dictates that a fixed time and place be set to hold a public hearing to determine whether the improvement shall be made. The public hearing for the subject improvements has been set for August 17th, 2015.

The costs to complete the improvements will be paid through a combination of assessments against properties within the respective subdivisions, construction securities, and funding provided by the City. The City will allow the owners ten years to pay the assessment balance to the City at a 0% interest rate.

## **Alternatives**

City Council can choose not to order the improvements or modify the contribution rate, payment period, and or interest rate.

**Financial Impacts**

Holding a public hearing and ordering of the subject improvements will have no immediate financial impact, but these are necessary steps in the process of making improvements and assessing abutting properties for the improvements. Ultimately the City will be responsible for a portion of the cost of these improvements.

**SBDE Summary**

N/A

MGW/lca